

GENERAL FUND, GENERAL PURPOSE
Fiscal Year 2006
Projected Revenues and Expenditures
November 30, 2005
(\$ in millions)

	FISCAL 2006
Beginning Balance, October 1, 2005	\$ 220.5
Revenues, Current Law:	
Current Year GF/GP Revenues, Special August 2005 Consensus Estimate	\$ 8,212.9
Adjustments to Consensus Baseline	\$ -
Additional Revenue Adjustments:	
Revenue Sharing Freeze (PA 196 of 2005 and Special August 2005 Consensus)	\$ 377.8
Suspend County Revenue Sharing (PA 356 and 357 of 2004)	\$ 182.3
Cap Interfund Borrowing Rates	\$ 20.0
Non-Use of SBT Pharmaceutical Credit	\$ 10.0
Escheats Revenue	\$ 10.0
Enhanced Tax Enforcement	\$ 24.6
Financial Institutions Fund Revenue Deposit to GF	\$ 15.0
Subtotal	\$ 9,073.1
Anticipated Revenue Adjustments:	
Land Sales (HB 5114)	\$ 60.0
Interest Earnings - Securitization Proceeds (pending legislation)	\$ 31.0
Reduce Sales Tax to Comprehensive Transportation Fund; deposit to GF (SB 839)	\$ 11.1
Agriculture Equine Industry Development Fund Revenue Deposit to GF (SB 837)	\$ 2.0
Rezonementation Fund Revenue Deposit to GF (pending legislation)	\$ 15.0
State Services Fee Fund Deposit to GF (pending legislation)	\$ 6.0
Subtotal Anticipated Revenue Adjustments	\$ 125.1
Total FY Resources Available For Expenditure GF/GP	9,198.2
Expenditures, Current Law:	
Enacted Post Vetoes	\$ 8,975.7
Total Expenditures Projected	\$ 8,975.7
Projected Ending Balance, September 30, 2006	\$ 222.5 ¹

¹ Subsequent to the date of this report, changes to the Single Business Tax were enacted and signed into law. These changes are estimated to reduce general fund revenues by \$103.9 million in fiscal year 2006.

OFFICIAL BALANCE SHEET

SCHOOL AID FUND Fiscal Year 2006 Projected Revenues and Expenditures November 30, 2005 (\$ in millions)

	FISCAL 2006
Beginning Balance, October 1, 2005	\$ 93.7
Current Year School Aid Fund Revenues, August 2005 Consensus	\$ 11,233.1
Adjustments to Consensus Baseline	
Payment in Lieu of Taxes (PA 513 of 2004)	\$ (2.0)
Increased Keno Licensing	\$ 13.0
Enhanced Tax Auditing	\$ 9.5
FY04 Audit Receivables Adjustments	\$ 3.0
Subtotal, School Aid Fund, Current Year Direct Resources	\$ 11,256.6
School Bond Loan Revolving Fund	\$ 44.5
General Fund Subsidy	\$ 62.7
	\$ 107.2
Federal Aid	\$ 1,392.6
Total Available SAF Resources	\$ 12,850.1
Expenditures	
Enacted Appropriations PA 155 of 2005	\$ 12,757.2
Adjusted Appropriations	\$ 12,757.2
Projected School Aid Fund Ending Balance September 30, 2006	\$ 92.9

SUMMARY OF EXPENDITURES AND ENCUMBRANCES

GENERAL FUND GROSS

November 30, 2005

(\$ IN MILLIONS)

FISCAL YEAR 2004-05

FISCAL YEAR 2005-06

November 2004	Yr-to-date 2004-05	Fiscal Yr end SEP 30, 2005	DEPARTMENT	Initial Approp	Exec. Orders and Supplem. Approp.*	Exp & Enc November 2005	Exp & Enc Yr-to-date 2005-06
10.5	16.1	93.6	Agriculture	119.2	0.0	9.1	14.7
4.8	7.1	57.4	Attorney General	63.8	0.0	5.6	7.3
9.7	51.5	291.2	Capital Outlay	0.0	0.0	25.8	47.5
1.0	1.4	12.3	Civil Rights	13.2	0.0	1.2	1.5
2.5	3.6	25.3	Civil Service	35.9	0.0	2.0	2.9
162.1	382.6	1,909.7	Colleges & Universities	1,868.8	0.0	193.5	359.4
757.3	2,021.0	9,808.9	Community Health	10,203.9	0.0	745.2	1,725.5
123.2	238.3	1,682.4	Corrections	1,841.3	0.0	136.8	243.8
16.3	25.4	78.8	Education	101.1	0.0	3.7	14.1
12.0	16.9	178.5	Environmental Quality	410.5	0.0	12.9	16.5
0.4	0.7	5.0	Executive Office	5.4	0.0	0.5	0.6
4.5	6.1	53.9	History, Arts & Library	53.2	0.0	5.1	7.4
384.7	656.4	3,929.5	Human Services	4,423.9	0.0	292.7	672.1
0.0	0.0	0.0	Information Technology	0.0	0.0	0.0	0.0
10.0	14.8	207.0	Judiciary	255.4	0.0	15.8	19.8
45.1	72.0	719.9	Labor & Economic Growth	862.6	0.0	55.9	84.3
9.7	17.8	131.2	Legislature	129.7	0.0	11.0	17.4
10.7	26.5	151.9	Management & Budget	169.8	0.0	14.5	27.1
10.0	19.7	102.6	Military Affairs	111.6	0.0	9.9	18.9
3.5	5.0	74.4	Natural Resources	95.8	0.0	10.2	10.6
0.0	0.0	0.0	School Aid	0.0	0.0	0.0	0.0
14.2	28.7	215.3	State	197.4	0.0	24.6	39.5
28.7	42.3	427.4	State Police	550.8	12.3	37.0	53.1
0.0	0.0	0.0	Transportation	0.0	0.0	0.0	0.0
20.8	292.8	1,528.7	Treasury	1,794.2	52.2	28.0	363.8
\$1,641.7	\$3,946.7	\$21,684.9		\$23,307.6	\$64.5	\$1,641.0	\$3,747.8

ESTIMATED BALANCE OF STATE PAYMENTS TO LOCAL UNITS OF GOVERNMENT

Fiscal Year 2006
November, 2005
(\$ IN MILLIONS)

	INITIAL APPROPRIATIONS	EXEC. ORDER and SUPPLEMENTALS	TOTAL APPROPRIATIONS YEAR-TO-DATE
Payments to local units of government	15,720.3	0.0	15,720.3
Total state spending from state resources	27,044.3	0.0	27,044.3
Percentage of state spending from state resources paid to local units	58.13%		58.13%
Required payments to local units (48.97%)	13,243.6		13,243.6
Surplus/(deficit)	\$2,476.7		\$2,476.7

STATE OF MICHIGAN
YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENDITURES
COUNTER - CYCLICAL BUDGET AND ECONOMIC STABILIZATION FUND
 OCTOBER 1, 2005 THROUGH NOVEMBER 30, 2005
 (in thousands)

REVENUES

Taxes	\$ -
From federal agencies	-
Miscellaneous	-
	<hr/>
Total Revenues	<hr/> -

EXPENDITURES

Current:	
General government	-
Education	-
Family Independence services	-
Public safety and corrections	-
	<hr/>
Total Expenditures	<hr/> -
Excess of Revenues over (under)	
Expenditures	<hr/> -

OTHER FINANCING SOURCES (USES)

Proceeds from Bond Issues	-
Operating transfers from:	
State Lottery Fund	-
Other funds	-
	<hr/>
Total operating transfers from other funds	-
Operating transfers to other funds	-
	<hr/>
Total Other Financing Sources (Uses)	<hr/> -
Excess of Revenues and Other	
Sources over (under) Expenditures	
and Other Uses	<hr/> <hr/> \$ - ¹

¹ Balance does not reflect closing adjustments such as accounts receivable, accounts payable, etc.

STATE OF MICHIGAN
YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENSES
MICHIGAN STRATEGIC FUND
OCTOBER 1, 2005 THROUGH NOVEMBER 30, 2005

OPERATING REVENUES

Operating revenues	\$ -
Interest income	-
Investment revenue (net)	-
Miscellaneous:	
Federal revenues	-
Program fees	211
Other	-
Total miscellaneous	<u>211</u>
Total Operating Revenues	<u>211</u>

OPERATING EXPENSES

Salaries, wages, and other administrative	-
Interest expense	-
Depreciation	-
Purchases for resale	-
Other operating expenses:	
Loan loss expense	-
Tuition benefit expense	-
Amortization of deferred issue costs	-
Miscellaneous	-
Total other operating expenses	<u>-</u>
Total Operating Expenses	<u>-</u>
Operating Income (Loss)	<u>211</u>

NONOPERATING REVENUES (EXPENSES)

Federal grant revenue	<u>-</u>
Interest revenue	-
Other nonoperating revenues:	
Tribal gaming revenue	-
Other nonoperating revenue	<u>-</u>
Total other nonoperating revenues	<u>-</u>
Nonoperating grants	-
Interest expense	-
Other nonoperating expense	<u>-</u>
Total Nonoperating Revenues (Expenses)	<u>-</u>
Income (Loss) Before Operating Transfers	<u>211</u>

OPERATING TRANSFERS

Operating transfers from primary government	-
Operating transfers to primary government	<u>-</u>
Total Operating Transfers In (Out)	<u>-</u>
Net Income (Loss)	<u>\$ 211</u> ¹

¹ Balance does not reflect closing adjustments such as accounts receivable, accounts payable, etc.

STATE OF MICHIGAN
YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENDITURES
MICHIGAN NATURAL RESOURCES TRUST FUND
OCTOBER 1, 2005 THROUGH NOVEMBER 30, 2005
(in thousands)

REVENUES

Taxes	\$ -
From federal agencies	-
From licenses and permits	-
Miscellaneous	<u>9,002</u>
Total Revenues	<u>9,002</u>

EXPENDITURES

Current:	
General government	-
Conservation, environment, recreation, and agriculture	305
Capital outlay	<u>871</u>
Total Expenditures	<u>1,177</u>
Excess of Revenues over (under) Expenditures	<u>7,825</u>

OTHER FINANCING SOURCES (USES)

Proceeds from bond issues	-
Proceeds from sale of capital assets	-
Operating transfers from other funds	-
Operating transfers to other funds	<u>(3,034)</u>
Total Other Financing Sources (Uses)	<u>(3,034)</u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	<u>\$ 4,792 ¹</u>

¹ Balance does not reflect closing adjustments such as accounts receivable,
accounts payable, etc.

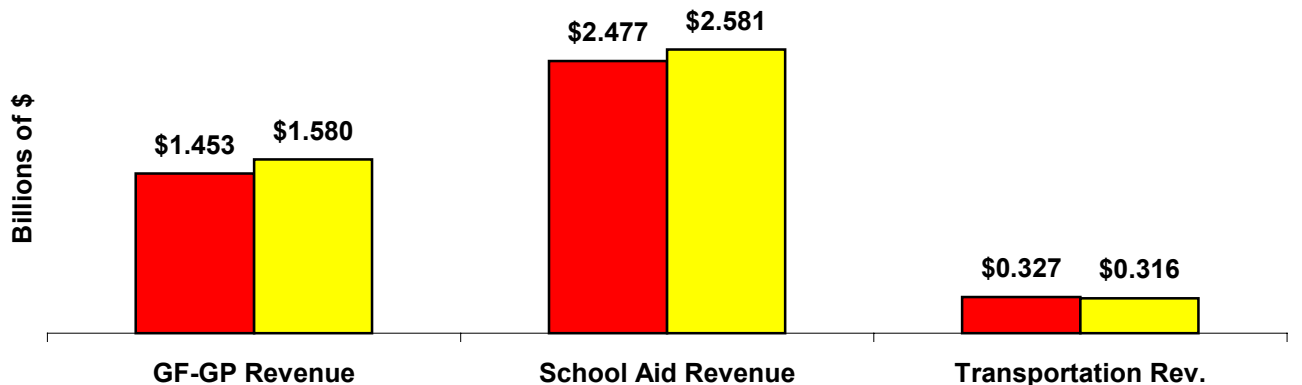
REVENUE OVERVIEW
Economic and Revenue Forecasting Division
Michigan Department of Treasury

This Monthly Financial Report to the Legislature presents the Michigan State government's economic situation and cash collections for November 2005, representing some October and some November economic activity in Michigan.

Total General Fund - General Purpose cash collections were \$8.4 million (1.2 percent) lower in November 2005 than in November 2004. The decrease is due in part to the timing of single business tax and withholding tax payments. November School Aid Fund cash collections were \$76.9 million (7.5 percent) lower than in November 2004. November transportation collections were \$4.0 million (2.5 percent) lower than in November 2004 (see revenue table). November is the second month of the state's fiscal year. Year-to-date collection totals generally provide a more accurate view of collections, since they are less affected by the timing of payments. Year-to-date General Fund - General Purpose cash collections are up \$127.3 million (8.8 percent) from a year ago. School Aid Fund cash collections are up \$104.9 million (4.2 percent), and transportation collections are down \$10.9 million (3.3 percent).

The FY 2005-2006 revenue projections presented in the revenue table on page 10 are from the Consensus Revenue Estimating Conference held on August 17, 2005. The Consensus estimate for net General Fund – General Purpose revenue for FY 2005-2006 is \$8,212.9 million and the net School Aid revenue forecast is \$11,233.1 million. The Transportation Funds revenue forecast is \$2,251.2 million. The revenue projections for each tax are shown after all tax adjustments. The next regularly scheduled revenue conference will be held in January 2006.

**October through November Collections
Fiscal Years 2004-05 and 2005-06**



Economic and Revenue Forecasting Division

■ FY 2004-05 ■ FY 2005-06

November Revenue Collections Fiscal Years 2004-05 and 2005-06



October through November Collections Fiscal Years 2004-05 and 2005-06



Revenue Summary 2005-06
General Fund-General Purpose, School Aid, and Transportation Funds
(in thousands)

For The Month Ended: November 30, 2005

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH NOVEMBER CASH COLLECTIONS DATA					REVENUE PROJECTIONS		
November		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		2004-2005	2005-2006	2005-2006
2004	2005	Amount	Percent		2004-05	2005-06	Amount	Percent	Aug 2005	Statutory	Aug 2005
Consensus											
Estimate											
Consensus											
Income Taxes											
\$525,620	\$497,879	(\$27,741)	-5.3%	Withholding	\$1,066,822	\$1,068,875	\$2,052	0.2%	\$6,404,500	\$6,607,100	\$6,607,100
4,777	5,091	314	6.6%	Quarterlies	13,198	14,121	923	7.0%	637,200	670,100	670,100
7,542	8,655	1,114	14.8%	Annuals	26,017	29,722	3,705	14.2%	634,700	624,200	624,200
537,938	511,625	(26,313)	-4.9%	Gross Collections	1,106,037	1,112,717	6,681	0.6%	\$7,676,400	\$7,901,400	\$7,901,400
21,698	18,990	(2,708)	-12.5%	Less: Refunds	59,444	46,611	(12,833)	-21.6%	1,660,700	1,725,000	1,725,000
0	0	0	na	State Campaign Fund	0	0	0	na	1,500	1,500	1,500
516,240	492,635	(23,605)	-4.6%	Net Personal Income	1,046,593	1,066,107	19,514	1.9%	\$6,014,200	\$6,174,900	\$6,174,900
134,485	133,022	(1,462)	-1.1%	Less: Disbursements to SAF	276,509	289,306	12,797	4.6%	\$1,992,300	\$2,051,000	\$2,051,000
\$381,755	\$359,613	(\$22,143)	-5.8%	NET PERSONAL INCOME TO GF-GP	\$770,084	\$776,800	\$6,717	0.9%	\$4,021,900	\$4,123,900	\$4,123,900
Consumption Taxes											
\$8,495	\$6,849	(\$1,646)	-19.4%	Sales (a)	\$15,358	\$13,441	(\$1,918)	-12.5%	\$107,600	\$114,700	\$114,700
75,520	73,205	(2,315)	-3.1%	Use	141,013	152,826	11,813	8.4%	923,700	963,600	963,600
9,659	19,180	9,521	98.6%	Tobacco	20,210	39,704	19,495	96.5%	117,500	228,100	228,100
4,111	3,995	(116)	-2.8%	Beer, Wine & Mixed Spirits	8,230	8,006	(224)	-2.7%	52,000	52,500	52,500
2,714	2,647	(68)	-2.5%	Liquor Specific	2,760	2,667	(93)	-3.4%	33,500	34,000	34,000
\$100,500	\$105,876	\$5,375	5.3%	TOTAL CONSUMPTION TAXES	\$187,571	\$216,645	\$29,073	15.5%	\$1,234,200	\$1,392,900	\$1,392,900
Other Taxes											
\$157,796	\$122,178	(\$35,617)	-22.6%	Single Business	\$340,029	\$382,612	\$42,583	12.5%	\$1,885,700	\$1,913,800	\$1,913,800
24,729	26,928	2,200	8.9%	Insurance Premiums Taxes	50,967	55,238	4,271	8.4%	236,300	240,000	240,000
182,524	149,107	(33,418)	-18.3%	Sub-total SBT & Insurance	390,996	437,849	46,853	12.0%	2,122,000	2,153,800	2,153,800
1,966	175	(1,790)	-91.1%	Inheritance / Estate	5,523	431	(5,092)	-92.2%	30,000	8,000	8,000
12,082	45,769	33,687	279.0%	Telephone & Telegraph	12,185	45,809	33,625	276.0%	97,300	81,300	81,300
3,460	10,124	6,665	193.0%	Oil & Gas Severance	8,330	17,602	9,272	111.0%	65,000	60,000	60,000
3,356	7,140	3,784	113.0%	Casino Wagering	3,557	7,373	3,815	107.0%	42,500	43,100	43,100
9,774	10,458	684	7.0%	Penalties & Interest	19,101	23,305	4,204	22.0%	108,500	108,000	108,000
135	64	(71)	-52.4%	Miscellaneous Other/Railroad	149	85	(64)	-42.7%	0	0	0
(6,667)	(6,667)	0	0.0%	Treasury Enforcement Programs	(13,333)	(13,333)	0	0.0%	(80,000)	(80,000)	(80,000)
\$206,630	\$216,171	\$9,541	4.6%	TOTAL OTHER TAXES	\$426,507	\$519,120	\$92,613	21.7%	\$2,385,300	\$2,374,200	\$2,374,200
\$688,885	\$681,659	(\$7,226)	-1.0%	SUBTOTAL GF-GP TAXES	\$1,384,162	\$1,512,565	\$128,403	9.3%	\$7,641,400	\$7,891,000	\$7,891,000

continued

Revenue Summary 2005-06
General Fund-General Purpose, School Aid, and Transportation Funds
(in thousands)

For The Month Ended: November 30, 2005

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH NOVEMBER CASH COLLECTIONS DATA					REVENUE PROJECTIONS		
November		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		2004-2005	2005-2006	2005-2006
2004	2005	Amount	Percent		2004-05	2005-06	Amount	Percent	Aug 2005	Statutory	Aug 2005
Consensus											
Estimate											
Consensus											
Non-Tax Revenue(h)											
\$2,917	\$2,917	\$0	0.0%	Federal Aid	\$5,833	\$5,833	\$0	0.0%	\$35,000	\$35,000	\$35,000
167	167	0	0.0%	Local Agencies	333	333	0	0.0%	2,000	2,000	2,000
1,500	1,500	0	0.0%	Services	3,000	3,000	0	0.0%	18,000	18,000	18,000
4,500	4,500	0	0.0%	Licenses & Permits	9,000	9,000	0	0.0%	54,000	54,000	54,000
0	0	0	na	Investments/Interest Costs	(1,195)	0	1,195	-100.0%	(68,000)	(85,000)	(85,000)
9,433	10,375	942	10.0%	Misc. Non-tax Revenue	18,867	20,750	1,883	10.0%	113,200	124,500	124,500
11,333	11,167	(167)	-1.5%	Liquor Purchase Revolving Fund	22,667	22,333	(333)	-1.5%	136,000	134,000	134,000
5,192	3,275	(1,917)	-36.9%	From Other Funds-Lottery & Escheats	10,383	6,550	(3,833)	-36.9%	62,300	39,300	39,300
\$35,042	\$33,900	(\$1,142)	-3.3%	TOTAL NON-TAX REVENUE	\$68,889	\$67,800	(\$1,089)	-1.6%	\$352,500	\$321,800	\$321,800
\$723,927	\$715,559	(\$8,368)	-1.2%	TOTAL GF-GP REVENUE	\$1,453,051	\$1,580,365	\$127,314	8.8%	\$7,994,000	\$8,212,900	\$8,212,900
School Aid Fund											
\$238,166	\$227,280	(\$10,886)	-4.6%	Sales Tax 4%	\$449,865	\$450,390	\$525	0.1%	2,700,200	2,814,800	2,814,800
187,935	177,516	(10,419)	-5.5%	Sales Tax 2%	353,832	351,572	(2,260)	-0.6%	2,124,100	2,213,600	2,213,600
37,760	36,602	(1,158)	-3.1%	Use Tax 2%	70,507	76,413	5,906	8.4%	461,900	481,800	481,800
275,227	232,955	(42,272)	-15.4%	State Education Property Tax	1,063,029	1,157,349	94,321	8.9%	1,854,000	1,956,900	1,956,900
31,967	27,391	(4,576)	-14.3%	Real Estate Transfer Tax	62,354	55,712	(6,641)	-10.7%	316,000	316,000	316,000
59,883	55,000	(4,883)	-8.2%	Lottery Transfer (d)	59,883	55,000	(4,883)	-8.2%	641,000	654,300	654,300
7,766	16,523	8,757	113.0%	Casino Wagering Tax	8,232	17,062	8,830	107.0%	98,400	99,700	99,700
2,681	2,636	(45)	-1.7%	Liquor Excise Tax	2,681	2,636	(45)	-1.7%	33,500	34,000	34,000
38,731	38,939	207	0.5%	Cigarette/Tobacco Tax	81,039	80,606	(433)	-0.5%	470,700	463,100	463,100
16,840	6,440	(10,400)	-61.8%	Indus. & Comm. Facilities Taxes	47,181	44,040	(3,141)	-6.7%	133,500	133,000	133,000
527	738	211	40.1%	Specific Other	1,390	1,266	(124)	-8.9%	14,800	14,800	14,800
134,485	133,022	(1,462)	-1.1%	Income Tax Earmarking	276,509	289,306	12,797	4.6%	\$1,992,300	\$2,051,000	\$2,051,000
\$1,031,967	\$955,042	(\$76,925)	-7.5%	TOTAL SCHOOL AID FUND	\$2,476,502	\$2,581,354	\$104,852	4.2%	\$10,840,300	\$11,233,100	\$11,233,100
\$584,878	\$556,316	(\$28,562)	-4.9%	SALES TAX 6%	\$1,103,607	\$1,102,222	(\$1,385)	-0.1%	\$6,624,500	\$6,905,000	\$6,905,000
396,943	378,799	(18,144)	-4.6%	SALES TAX 4%(d)	749,774	750,650	875	0.1%	4,500,400	4,691,400	4,691,400
187,935	177,516	(10,419)	-5.5%	SALES TAX 2%	353,832	351,572	(2,260)	-0.6%	2,124,100	2,213,600	2,213,600
113,281	109,807	(3,473)	-3.1%	USE TAX 6%	211,520	229,239	17,719	8.4%	1,385,600	1,445,500	1,445,500
11,601	24,682	13,081	113.0%	CASINO WAGERING TAX	12,298	25,488	13,190	107.0%	147,000	149,000	149,000
95,633	96,383	750	0.8%	TOBACCO TAXES	200,097	199,520	(577)	-0.3%	1,164,200	1,145,500	1,145,500
0	0	0	na	TOBACCO SETTLEMENT	0	3,116	3,116	na	na	na	na
1	0	(1)	na	CIGARETTE INVENTORY TAX	(260)	0	260	na	na	na	na

continued

Revenue Summary 2005-06
General Fund-General Purpose, School Aid, and Transportation Funds
(in thousands)

For The Month Ended: November 30, 2005

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH NOVEMBER CASH COLLECTIONS DATA					REVENUE PROJECTIONS		
November		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		2004-2005	2005-2006	2005-2006
2004	2005	Amount	Percent		2004-05	2005-06	Amount	Percent	Aug 2005	Statutory	Aug 2005
									Consensus	Estimate	Consensus
Major Transportation Revenues											
\$12,307	\$9,969	(\$2,338)	-19.0%	Diesel Fuel / Motor Carrier Fuel Tax (g)	\$25,129	\$23,168	(\$1,961)	-7.8%	\$145,000	\$151,100	\$151,100
77,676	76,930	(746)	-1.0%	Gasoline	156,075	150,020	(6,055)	-3.9%	929,000	942,000	942,000
59,798	59,650	(147)	-0.2%	Motor Vehicle Registration	125,588	123,550	(2,038)	-1.6%	857,000	891,300	891,300
6,134	3,683	(2,452)	-40.0%	Other Taxes, Fees & Misc.	11,153	6,955	(4,199)	-37.6%	203,889	190,013	190,013
4,712	6,399	1,687	35.8%	Comprehensive Transportation (c)	9,424	12,799	3,375	35.8%	56,546	76,793	76,793
\$160,627	\$156,632	(\$3,996)	-2.5%	TOTAL MAJOR TRANS. REVENUES	\$327,370	\$316,491	(\$10,878)	-3.3%	\$2,191,435	\$2,251,205	\$2,251,205
Lottery Sales By Games (b)											
52,172	52,499	327	0.6%	Instant Games	102,463	106,009	3,546	3.5%	na	na	na
55,718	52,213	(3,505)	-6.3%	Daily Games	110,372	102,628	(7,744)	-7.0%	na	na	na
26,035	38,165	12,130	46.6%	Lotto and Big Game	45,797	64,078	18,281	39.9%	na	na	na
997	1,080	83	8.3%	Keno Game	1,981	2,148	167	8.4%	na	na	na
0	0	0	na	Changeplay Game	0	0	0	na	na	na	na
25,750	34,458	8,708	33.8%	Club Games	51,581	65,800	14,219	27.6%	na	na	na
\$160,672	\$178,415	\$17,743	11.0%	TOTAL LOTTERY SALES	\$312,193	\$340,662	\$28,470	9.1%	na	na	na

a GF-GP Sales has been estimated based on CTF and Health Initiative shares.

b The statutory estimate does not include an estimate of lottery sales. It only includes an estimate of the SAF transfer. The transfers shown are actual transfers from Lottery to SAF.

c The CTF distributions have been estimated (includes sales tax transfer and other miscellaneous revenues dedicated to the CTF).

d 2% collections adjusted to reflect exemption on residential utilities.

e Official CAFR figures are adjusted to put them on a comparable basis with Consensus Estimates.

f Non-tax revenue estimates other than interest are estimates.

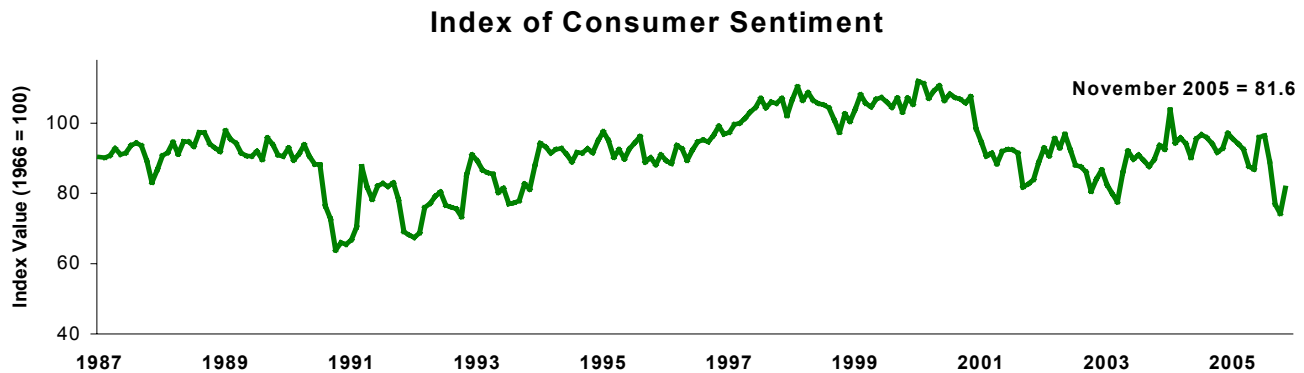
g Starting in January 2005 totals include revenue from the Motor Carrier Fuel Tax. Prior year totals have been adjusted to also include the Motor Carrier Fuel Tax.

Source: Michigan Department of Treasury, Economic and Revenue Forecasting Division, based on reports from the Office of Financial Management, Michigan Department of Management and Budget, and other reports from the Michigan Department of Treasury.

Economic Highlights

(All data seasonally adjusted unless otherwise noted.)

U. S. Economy



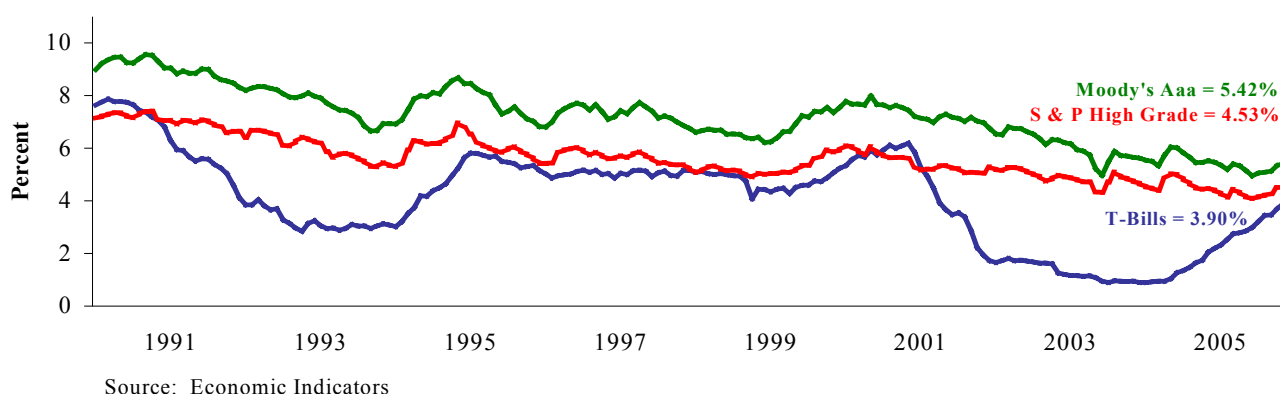
The **Index of Consumer Sentiment** was 81.6 in November, 7.4 index-points above the October value but still 11.2 index-points below November 2004. Survey director Richard Curtin reported, “The recent decline in consumer confidence has been as large as prior to any past recession. Nonetheless, there are few consumers or economists that anticipate a recession will actually occur in the year ahead. Most observers have discounted the decline in confidence as due to special circumstances, and once those temporary storms have passed, confidence will spring back to its earlier high levels.” Curtin noted that this optimism might not be warranted, “There is some cause to doubt this positive assessment as consumers find themselves in a situation in which they have less economic flexibility than they had in the past. Record indebtedness, a negative savings rate, rising interest rates, and higher inflation have all limited their ability to respond to each new economic challenge.” In November, consumers in all four regions reported an increase in confidence. Northeastern consumers reported the largest increase in confidence of 10.0 index-points, followed by Western consumers at 8.6 index-points and Southern consumers with a 7.1 index-point increase. Midwestern consumers reported the smallest increase in confidence at 5.0 index-points. The gap across regions narrowed from last month to 8.7 index-points, with Southern consumers on top and Midwestern consumers on the bottom.

The preliminary estimate of real **Gross Domestic Product** for the third quarter of 2005 is \$11,206.1 billion (chained 2000 dollars), an increase of 4.3 percent at an annual rate. In the second quarter of 2005, real gross domestic product increased 3.3 percent. Personal consumption expenditures, equipment and software, federal government spending and residential fixed investment led third quarter growth. Real personal consumption expenditures increased 3.9 percent in the third quarter compared to an increase of 3.4 percent in the second quarter. Imports, which are a subtraction in calculating GDP, increased. Real residential fixed investment increased 8.4 percent in the third quarter compared to an increase of 10.8 percent in the second quarter. Real nonresidential fixed investment increased 8.8 percent in the third quarter led by increased investment in equipment and software of 10.8 percent. Real federal government expenditures increased 8.1 percent in the third quarter, compared to an increase of 2.4 percent in the second quarter. Real state and local government spending increased 0.4 percent in the third quarter compared to a 2.6 percent increase in the second quarter. Exports of goods and services increased 0.8 percent in the third quarter, compared to a 10.7 percent increase in the second quarter. Imports increased 2.1 percent in the third quarter compared to a decrease of 0.3 percent in the second quarter. Private inventory investment fell \$13.4 billion in the third quarter, down

from a \$1.7 billion decrease in the second quarter. Real final sales increased at a 4.7 percent rate in the third quarter compared to a 5.6 percent rate in the second quarter. On the inflation front, the **implicit price deflator** increased at a 3.0 percent annual rate in the third quarter, compared to an increase of 2.6 percent observed in the second quarter.

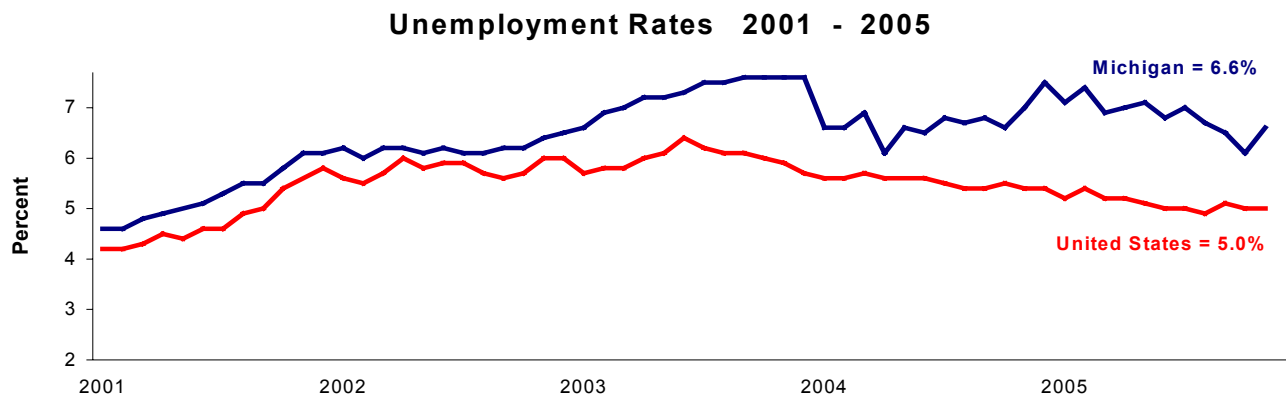
U. S. retail prices, as measured by the Consumer Price Index (CPI-U), decreased 0.6 percent in November, down from a 0.2 percent increase in October. Energy decreased significantly by 0.8 percent in November; compared to a 0.2 percent decrease in October, while the all-items less food and energy component increased 0.2 percent. For the six months since May, the all-items index increased at a 3.8 percent annual rate.

Compared to November 2004, the all-items index increased 3.5 percent. For major component groups, the unadjusted increases from one year ago were: food and beverages, 2.2 percent; housing, 4.0 percent; medical care, 4.5 percent; recreation, 1.0 percent; education and communication, 2.3 percent; and other goods and services, 3.0 percent, with tobacco prices up 6.1 percent; transportation 5.0 percent, with gasoline prices up 16.1 percent. The unadjusted decreases from one year ago were: apparel, 1.2 percent.



Short-term **interest rates** increased 0.20 percentage points in November as the 3-month Treasury bill (T-bill) rate averaged 3.90 percent. Compared to one year ago, the T-bill rate is up 1.84 percentage points. Long-term interest rates, such as the Aaa corporate bond rate, increased 0.07 percentage points to an interest yield of 5.42 percent in November. Compared to one year ago, the Aaa bond yield is down 0.10 percentage points. The interest rate on High-grade municipal bonds increased 0.04 percentage points to 4.53 percent in November, and stands 0.05 percentage points above its year ago level. The Federal Open Market Committee (FOMC) raised the federal funds rate by 25 basis points at its December 13th meeting to 4.25 percent. The FOMC stated that despite elevated energy prices and hurricane-related disruptions, the expansion in economic activity appears solid. The FOMC judges that, “some further measured policy firming is likely to be needed to keep the risks to the attainment of both sustainable economic growth and price stability in balance.” The committee “will respond to changes in economic prospects as needed to foster these objectives.”

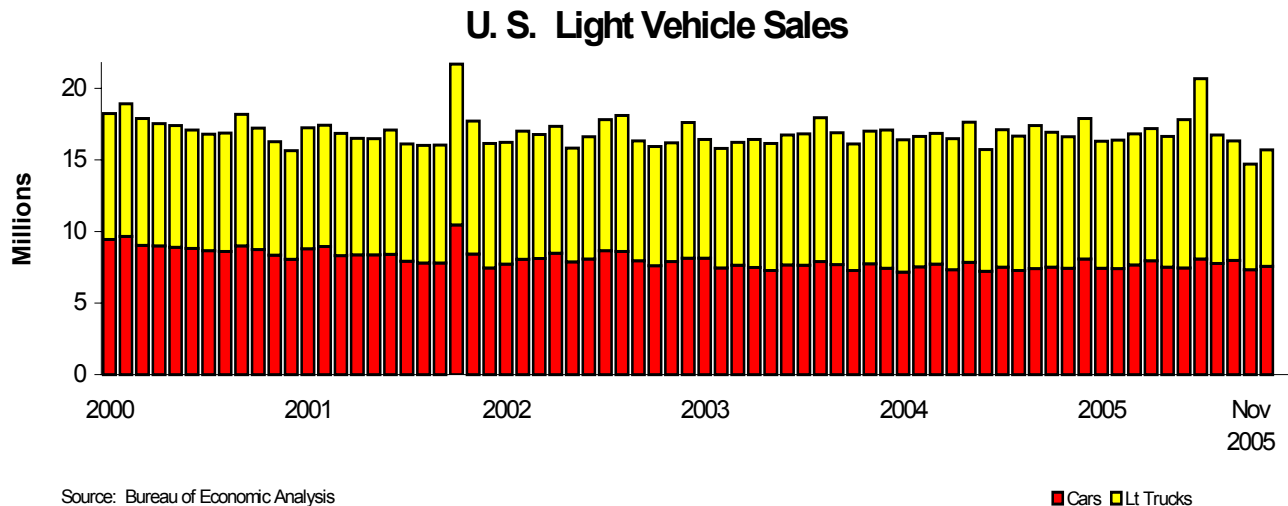
In November, the **U. S. unemployment rate** remained unchanged from a month ago at 5.0 percent and was down 0.5 percentage points from one year ago. Civilian employment totaled 142.6 million persons in November, unchanged from October. The number of unemployed was 7.6 million nationwide.



Source: Bureau of Labor Statistics and Michigan Department of Labor & Economic Growth, Employment Service Agency

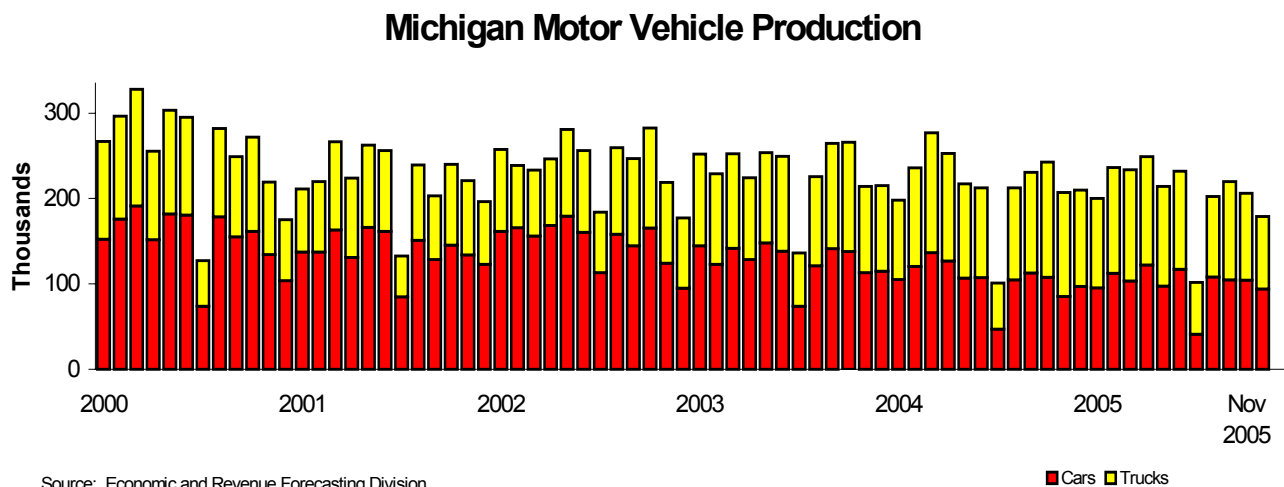
In November, the **Michigan jobless rate** increased 0.5 percentage points to 6.6 percent. Compared to a year ago, Michigan's jobless rate was 0.8 percentage points lower. From a month ago, the labor force increased by 34,000 to 5,135,000, while the number of people employed increased by 6,000 to 4,798,000. In November, there were 337,000 unemployed people. Monthly unemployment rates fluctuate due to statistical sampling errors. Therefore, the three-month average of 6.4 percent may be a better measure of actual conditions.

Motor Vehicle Sector



U. S. light vehicle sales (cars + light trucks) increased 1.0 million units in November selling at a 15.7 million unit seasonally adjusted annual rate. Domestic car sales increased 6.3 percent while domestic light truck sales increased 12.0 percent. Import car sales decreased 3.7 percent while import light truck sales increased 0.4 percent. Compared to last year, light vehicle sales decreased 5.5 percent. Domestic car sales were up 5.9 percent while domestic light truck sales decreased 12.0 percent. Import car sales were down 7.6 percent while import truck sales fell 8.1 percent from last year. As a result, the domestic share increased 0.5 percentage points from a year ago. For fiscal year 2006 year-to-date, domestic light vehicles have recorded a 78.7 percent share of a 15.2 million-unit market.

Michigan motor vehicle production decreased to 178,915 units in November. From a year ago, motor vehicle production decreased 14 percent in Michigan and fell 1 percent nationally. In November, Michigan's car production was 94,234 units while the state's truck production was 84,681 units. Compared with a year ago, car production rose 10 percent in Michigan and increased 7 percent nationwide. The state's truck production decreased 30 percent while national truck production fell 6 percent from a year ago. Michigan motor vehicle production data are not seasonally adjusted.



**Summary Estimates of the Constitutional Revenue Limit
Based on the August 17, 2005 Consensus Revenue Agreement
(Article IX, Section 26)
(in millions)**

	Fiscal Year 2003-2004 Actual	Fiscal Year 2004-2005 Estimate	Fiscal Year 2005-2006 Estimate
Applicable Calendar Year Personal Income	\$303,745	\$314,460	\$322,636
Section 26 Base Ratio	9.49%	9.49%	9.49%
Revenue Limit	\$28,825.4	\$29,842.3	\$30,618.2
Revenue Limit	\$28,825.4	\$29,842.3	\$30,618.2
State Revenue Subject to Limit	\$24,384.7	\$24,652.6	\$25,512.0
Amount Under (Over) Limit	\$4,440.7	\$5,189.6	\$5,106.2

Sources:

Personal Income Estimate

The FY 2003-04 calculation uses the official personal income estimate for calendar year 2002 (Survey of Current Business, August 2003).

The FY 2004-05 calculation uses the official personal income estimate for calendar year 2003 (Survey of Current Business, September 2004).

The FY 2005-06 calculation uses the official personal income estimate for calendar year 2004 (Survey of Current Business, October 2005).

Revenue Subject to the Limit

The FY 2003-04 calculation uses the State of Michigan Statement of Revenue Subject to Constitutional Limitation - Legal Basis for the Fiscal Year Ended September 30, 2004.

The FY 2004-05 calculation uses the August 17, 2005 Consensus Revenue Agreement.

The FY 2005-06 calculation uses the August 17, 2005 Consensus Revenue Agreement.

Prepared By: Economic and Revenue Forecasting Division, Michigan Department of Treasury